

Sabah TLAS Audit Report Principles 5 & 6

Organisation	STG Sdn. Bhd. (133246-T)	Reference #	GFSSBH 004-322a
Contact Person	Galahia Bt. Bungin	Assessment Date	10/03/2022
Office Address	Batu 4, Kg. Ranggalau, P.O. Box 12, 89157 Kota Belud, Sabah, Malaysia.	Date close out	12/05/2022
Mill Address	Same as Office Address	Telephone	+6088 977 959
Email	leawyvern@gmail.com	Fax	+6088 977 960
		Approved By	Dr. Kevin Grace

Statements			
Audit Statement #	NC: Non-Compliance – Criterion 5.3 (Outstanding)		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details	
Company Type	Sawmill
Scope of Assessment	Sabah TLAS P5-6: JP(D)KB 004/16(B01)
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Dipterocarpus spp.</i> (Keruing), <i>spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi, Selangan batu), Sapotaceae (Nyatoh), <i>Eugenia spp.</i> (Obah), Lauraceae (Medang), <i>Dialium indum</i> (KerANJI), <i>Neolamarckia cadamba</i> (Laran)
Lead Assessor	Glory B. Y. Linggou
Assessor(s)	Varenus V Untomon
SFD Staff	Zuridah N. Jeragan (DFO Kota Belud), Darwis Maikol (PPD Kota Belud)

Terms of Assessment
The scope of the evaluation is to verify compliance of the STG Sdn. Bhd. to the criteria within the Sabah Timber Legality Assurance System (TLAS) Principle 5 - Mill Operations and Principle 6 -Trade and Customs standards. Compliance is defined when the organization demonstrates that there is no non-compliance to any applicable criteria. Non-compliance to the Sabah Legality Standard occurs when the organization does not comply with 1 or more criteria. Non-compliance must be formally addressed prior to certification or within 2 months following a surveillance assessment.

Limitations of Assessment
The information presented in this report is based on documentation and other information presented by the client and observations made during the field verification under the assessment. Auditor's reporting of information presented by the client are taken as accurate, unless evaluated differently through the observations made during the assessment. All information presented in the report is accurate and complete to the best of knowledge of GFS.

Background Information:

STG Sdn. Bhd. (STG) is registered in Kota Belud, Malaysia, with registration # 133246-T. The company is focusing on sawn timber production for the local market.

Associated Organizations & Subcontractors:

STG did not engage any other subcontractors to provide or manufacture products.

Description of the Supply Chain:

From January 2021 to February 2022, STG purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk*
Asian Forestry Company (S) Sdn. Bhd.	JP(DKM)008/2010(F1)	Round log	Kota Marudu	GFS 015 LVS (24/10/2022)	Low

Note: *GFS risk evaluation based on the risk matrix.

Summary Results:

(Major gap = 1, Minor gap = 3, Observation = 0)

May 2022: (Major gap = 1, Minor gap = 3, Observation = 0)

GAPs: 2022				
GAP #	Type	Checklist	Status	Description
001/2022	Minor	5.1.2 5.2.3	New	March 2022: No log book arrival prepared by the company to record logs received.
002/2022	Minor	5.2.4	New	March 2022: No evidence that a documented COC system has been established with respect to compliance with Sabah TLAS requirements for its activities.
003/2022	Major	5.3.1 5.3.5	Outstanding	March 2022: Foreign worker was not registered under SOCSO and the COI was expired on 30/12/2018. May 2022: There is no evidence of the SOCSO registration for foreign worker and COI renewal.
004/2022	Minor	5.3.2 5.3.7 5.3.8	New	March 2022: No safety and fire training conducted by the company. Safety signage and fire extinguishers were not available within the mill area.

*Major = Non-Compliance

Observations: 2022		
Obs #	Checklist	Description
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Highlights of Close-Out Visit (if applicable)	Date: 12 May 2022
The Major Gap 002/2022 shall be addressed within two months by May 2022. The Major Gap is still outstanding as the company did not take action to register foreign workers under SOCSO and renew the COI.	

Recommendations
STG Sdn. Bhd. has not demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified in Criterion 5.3 and is NOT eligible to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD. The Major Gap shall be addressed within two months by May 2022 . Gap 003/2022 (Major) – Checklist 5.3.1, 5.3.5: The company shall ensure foreign workers are registered under SOCSO and COI of workers are valid. Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Action required to close the gap(s)/observation(s) include: Gap 001/2022 (Minor) – Checklist 5.1.2, 5.2.3: The company or SFD shall prepare a log book arrival to

record log received at the mill.

Gap 002/2022 (Minor) – Checklist 5.2.4: The company shall establish a documented Chain of Custody manual for the current production system.

Gap 004/2022 (Minor) – Checklist 5.3.2, 5.3.7, 5.3.8: Conduct safety and fire training annually. The company to prepare adequate amount of fire extinguisher and to erect safety signage within the mill.

The next annual surveillance visit is scheduled for March 2023.

End of Summary Report